

October 28, 2002

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: WC Docket No. 02-313 Biennial Review 2002 Comments

Dear Ms. Dortch:

Pursuant to Section 11 of the Communications Act of 1934, as amended, 47 U.S.C. section 161, SouthEast Telephone Company hereby submits the following reply comments in the 2002 Biennial Review of Telecommunications Regulations Within the Purview of the Wireline Competition Bureau, WC Docket No. 02-313.

SouthEast Telephone Company, Inc., a rural Competitive Local Exchange Carrier (CLEC) headquartered in the mountains of Eastern Kentucky, was incorporated in 1997 as the first fully authorized CLEC in the Commonwealth of Kentucky. SouthEast Telephone Company currently serves customers in 35 eastern and central Kentucky counties, 20 of which are listed by the Appalachian Regional Commission as "economically distressed counties." Our customer base includes approximately: 4,900 local service; 5,900 long distance; 13,000 Internet dial-up; 170 Broadband; and 1,800 paging customers.

The history and experience of providing service to the under-served rural areas prompts SouthEast Telephone to issue a plea asking the Commission not to make any sweeping regulatory changes without specifically considering how they will affect rural customers and companies that serve them. Rules and policies designed to promote competition in urban and metro areas may irreparably harm rural carriers and their subscribers if applied unilaterally to all regions, without regards for the geographic component. Rural providers continue to need assistance in providing the quality services that the urban and metro areas can provide. While facilities-based competition might be the ultimate end game, it has generally proven too costly to support with revenues generated by operations in rural America. It is imperative that rural companies are given adequate time to position themselves financially to build infrastructure before unbundled network elements are restricted, which would therefore diminish the availability of the UNE Platform. Facilities investment can be made possible only through first establishing a sustainable competitive presence in a market. The UNE platform is the first step for many of the capital-challenged entrants to gain a competitive foothold without depleting working capital.

In today's regulatory environment, policies are consistently being established using the 80-20 rule, and yes, 80% of the regulations work exceptionally well in 20% of the population;

however, this 20% is concentrated in urban and metro areas, leaving the rest of the nation behind in political backwash. The approval of BellSouth's 271 application in the state of Kentucky is an excellent example of how rural America suffers from the lack of distinction

between competition in urban and rural areas. We agree that BellSouth deserved Section 271 in the metro areas of Kentucky because of the vast amount of competition available, but the rural areas of Kentucky does not have this same luxury of being able to choose from a variety of providers. Evidence in the UNE Remand Proceeding demonstrated that approximately 61% of the 700 switches deployed by competitors have been deployed in the top 50 MSAs, and that in 48 of those MSAs, there were four or more competitive switches. (UNE Remand Order ID 3824, para. 280) BellSouth is well aware of this fact and they continue to use and abuse their Goliath size and capital structure to eliminate opposition from the smaller companies attempting to compete with them.

The RBOCs have 2 freedoms that give them an unfair competitive edge: 1) federal subsidies which allow the RBOCs to shore up their own business plan and 2) monopolistic practices enjoyed by the RBOCs which prevent companies from complaining about their actions. The small competitive companies that have legitimate complaints against the RBOCs usually cannot afford to hire a regiment of attorneys to battle the legal army on staff at the RBOCs. A "real" rural CLEC attempting to compete against the Bell Companies can barely get comments to any government agency because of financial limitations.

Kudos to the RUS for splitting the CMRS industry in the 80's into MSAs and RSAs; however, in today's environment when it comes to the Telecommunications Act, little distinction is made between competition in metro and rural areas. All rulings and policies should be segmented with metro and rural geographic delineations, and a time line for the end plan of facilities-based competition being staggered to address the challenging obstacles of providing service in the rural sectors.

Not only does SouthEast Telephone support and encourage facilities-based competition but we are moving toward it ourselves. As the nation works toward the long term solution of multiple, economically sustainable networks, the short term solution is best served by the ready availability of UNEs and the UNE Platform at stable and reasonable prices. As a rural CLEC in Eastern Kentucky, SouthEast Telephone remains a strong advocate for facilities-based competition, but discrete business practices dictate governmental regulations and policies that take into consideration the difference between competition in metro areas and the non-existent competition in the rural areas of America.

We would welcome an opportunity to participate in future conferences or hearings if further input is desired from the rural perspective.

Sincerely,

Darrell Maynard
President